



**REPORT OF MANAGEMENT
ON 2018 BUSINESS PERFORMANCE AND 2019 BUSINESS PLAN**

Respectfully submitted to: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

2018 continued to be a successful year with many new opportunities opened up for Vietnam's economy, even amid a slowdown in the world economy due to the US – China trade war. According to Vietnam's General Statistics Office (GSO), Vietnam's GDP grew 7.08%, not only exceeding the 6.70% target set by the Government but also reaching the highest rate since 2008. Most sectors of the economy grew. The service sector topped the list, accounting for 40% of GDP, thanks to rapid growth in the wholesale, retail, and tourism sectors.

Retail property development continued to be a promising sector. Forbes Vietnam reported that retail sales in Vietnam have grown every year since 1990. The GSO reported that 2018 retail sales in Vietnam were approximately VND 3.3 quadrillion, or USD 142 billion, an increase of 12.4% over 2017. Vietnamese retailers have taken advantage of this favorable business environment to increase coverage throughout Vietnam. Many international fashion brands have entered the market in Vietnam to capitalize on the emerging middle class. H&M and Zara entered Vietnam (and first through Vincom Retail malls) between 2016 and 2017 are now located in modern retail malls in major cities, contributing to the diversification of choice for consumers. Retail property in general and shopping malls in particular directly benefit from these trends.

Against this backdrop, Vincom Retail Joint Stock Company (the “**Company**” or “**Vincom Retail**”) has achieved encouraging business results in 2018 as follows:

I. 2018 business results of Vincom Retail (as stated in 2018 audited consolidated financial statements)

1. Revenue:

Gross Revenue reached VND 9.12 trillion in 2018, of which revenue from Leasing Activities and Rendering of Related Services was VND 5.51 trillion, revenue from Sale of Inventory Properties was VND 3.43 trillion and Other Revenue was VND 185 billion. Revenue from Leasing Activities and Rendering of Related Services increased by VND 1.05 trillion, equivalent to a 24% increase over 2017 performance, mainly due to the opening of 20 new retail malls during the year and the further ramping up of operations of malls opened in 2017. As a result, Leasing NOI increased by 24%, to VND 3.83 trillion in 2018. Revenue from Sale of Inventory Properties was mainly attributable to recognition of condotels at Vinpearl Condotel Riverfront Da Nang project, apartments at the Suoi Hoa project, Bac Ninh city and shophouses at our projects in several provinces such as Vinh Long and Long An upon delivery.

2. Profit after tax: Profit After Tax was VND 2.41 trillion, an increase of 19% over 2017.

3. Tax obligations:

Statutory Obligations increased from VND 211 billion in 2017 to VND 276 billion in 2018. During 2018, the Company paid a total of VND 1.27 trillion to the State budget.

II. 2019 Business plan

In 2019, Vincom Retail aims to continue to consolidate its leading position in the retail property market, in terms of quantity, market share and quality. The Company plans to open 13 new retail malls, bringing the total number of retail malls to 79 and total retail GFA to over 1.6 million square meters nationwide, with two highlights being Vincom Center Tran Duy Hung and the highest Skyview observatory in Vietnam at Vincom Center Landmark 81.

In terms of products, Vincom Retail continues to maintain a diverse portfolio, through the synchronous development of all four different formats: Vincom Center, Vincom Mega Mall, Vincom Plaza and Vincom+, constantly improving products to suit the preferences of customers and the market. All retail mall projects are located within integrated and mixed-use projects: Vincom Center located at prime locations, Vincom Mega Mall in a mega mixed-use project, Vincom Plaza in a complex of 5-star hotels or high-end apartments, Vincom+ with shophouses. This approach makes these retail malls become a highlight and a new symbol of modern lifestyle in their respective locales. In addition to its expansion to provincial markets through Vincom Plazas and Vincom + malls, Vincom Retail will focus on the development of Vincom Mega Malls and Vincom Centers in two major cities, Hanoi and Ho Chi Minh City. They are strategic projects, bringing together a huge number of major domestic and international brands, including brands making their debut in Vietnam and serving as a place where Vincom Retail introduces new shopping trends, unique retail store formats and impressive architectural spaces.

Also in 2019, Vincom Retail plans to officially launch and pre-lease its key Vincom Mega Mall projects located in the Vinhomes mega projects (expected to open in 2020 and 2021). Each project possesses a differentiating competitive advantage, including a prime location in a large project complex of hundreds of hectares, a promising number of customers from apartment buildings, adjacent villas, shophouses and K-12 schools, and possible links to entertainment complexes such as Vinpearl Land, Safari and VinUni. The retail mall-shophouse format in these mega projects will offer large-scale convenient shopping and service complexes to residents of each project, of which retail malls with areas ranging from 60,000 to 100,000 square meters will serve as the main highlight in design and shopping space, and aim to deliver new experiences of modern and traditional shopping spaces as well as of cultural and entertainment spaces.

Capitalizing on the trend that retail malls are not only for shopping, but also for entertainment and human connections, in 2019, Vincom Retail will focus on in-depth research on customers' needs and expectations to develop and implement well-suited and trendy activities and services in its retail malls; create and offer a complete mixture of services and utilities; and maintain close connection with local communities. In 2019, Vincom Retail will closely accompany its tenants through market research activities, updating trends and collaboration strategies in Marketing activities and will share the most up-to-date information on consumer trends and the retail market with its tenants. In terms of marketing strategy, Vincom Retail will continue to organize diverse activities on major public holidays and during important annual festivals and occasions such as Lunar New Year, Children's Day, Mid-Autumn Festival, Christmas, International Women's Day and Vietnamese Women's Day. In addition, Vincom Retail will cooperate with its tenants to hold joint periodic marketing programs and adopt the free-of-charge space policy in support for its tenants during suitable events. Under this marketing strategy, Vincom Retail aims to organize 3,000 events across its network and draw 220 million customer visits in 2019, making Vincom Retail malls the first-choice destination for customers' on holidays and weekends.

With the objective of strong, stable and sustainable development, the Management of Vincom Retail would like to submit to the Annual General Meeting of Shareholders (the "AGM") for approval of the 2019 business plan (in accordance with the Vietnam Accounting Standards) as follows:

- Net revenue from operations: approximately VND 9.5 trillion.
- Profit after tax: approximately VND 2.7 trillion.

Kindly submit for AGM consideration and approval.

Thank you.

VINCOM RETAIL JOINT STOCK COMPANY

To:

- As above;

- Company archives.

**TRAN MAI HOA
GENERAL DIRECTOR**

Note: Further amendments and supplements to this document may be proposed for approval at the AGM.